

REMARKS

I. Introduction

Claims 1 and 38-40 remain in this application. Claims 2-3 have been previously canceled and claims 4-37 have been previously withdrawn from consideration. Claims 41 and 42 were added and are fully supported by the specification.

The Examiner rejected claims 1 and 38-40 under 35 U.S.C. § 103(a) as being unpatentable over May U.S. Patent 6,371,727 (hereinafter "May") in view of Kou U.S. Patent 6,363,365 (hereinafter "Kou"). These rejections are respectfully traversed.

Claim 1 has been amended to give sufficient antecedent basis for a limitation in the claim. Claim 39 has been amended to correct a typographical error that was pointed out by the Examiner.

No new matter has been added.

II. Applicants' Reply to Claim Rejections
Under 35 U.S.C. § 103(a)

With respect to the outstanding rejections under 35 U.S.C. § 103 of claims 1 and 38-40, applicants make the following remarks. One embodiment of applicants' invention is directed toward a method for qualifying a participant in

an electronic trading system. More specifically, such a method allows an electronic trading system host or other parties to confine the ability of a participant to participate in trading with such parties.

According to this method, as specified in amended independent claim 1, a host qualification test and a third party qualification test are applied to the participant. For example, the host qualification test may be any suitable method for determining whether a party is qualified to participate by the host of the trading system. Similarly, the third-party qualification test may be any suitable method for determining whether a party is qualified to participate by an existing participant in the trading system. See applicants' specification, page 14, lines 1-8.

Qualification trading parameters are then assigned to the participant based upon both tests and a determination is made as to whether or not the participant qualifies to trade in the electronic trading system.

May relates to screening potential counterparties before conducting trades in an electronic trading system based on predetermined credit preferences of the parties that

chose to enter into a trade with each other. "A complex check [is performed] to determine if two particular counterparties will accept each other for a particular trade based upon their respective predefined credit preferences." Abstract, col. 5, lines 49-58.

Kou relates to a mechanism for securing bid proposals for an electronic tendering system over an open network using encryption. More specifically, a prospective vendor may encrypt his or her bid using a session key obtained from a third party. The party that caches the bid does not have access to the session key that is required to decrypt the bid until the close of tendering. Abstract.

Applicants submit that the cited references do not show or suggest all the limitations of claim 1. Applicants' claim 1 specifies applying two distinct and separate tests: one that is determined by the host of the trading system, and another that is determined by a third-party, -- e.g., an existing participant.

The Examiner states that "May, explicitly, does not disclose applying a third-party qualification test to the participant." However, the Examiner also states that "May

discloses applying a host qualification test to the participant, assigning qualification trading parameters to the participant based upon the host qualification test and the third party qualification test". Applicants respectfully submit that it would be incongruous for May to disclose assigning trading qualifications to the participant based on a third party qualification test, when May does not disclose applying such a test in the first place. Therefore, Applicants' respectfully submit that the afore-mentioned statements by the Examiner are somewhat conflicting, especially those made in connection with the third-party qualification test. To the extent the Examiner's statements are not conflicting -- i.e., the statements made in connection with the host qualification test -- applicants respond as follows.

The Examiner states that "May discloses applying a host qualification test to the participant, assigning qualification trading parameters to the participant based upon the host qualification test ... and determining whether the party qualifies to trade in the electronic trading system". Contrary to the Examiner's contentions, May discloses a credit monitoring system that "forms a complex

check to determine if two particular counterparties will accept each other for a particular trade based upon their respective predefined credit preferences." Col. 5, lines 49-53. The portions in May cited by the Examiner all relate to taking the counterparty's preferences into account in determining whether a trade is to be executed between the two participants. This may be similar to applying a counterparty qualification test but is in stark contrast to applicants' approach of determining whether a participant qualifies to trade in the system by the system host -- i.e., through a host qualification test -- irrespective of any other participant, let alone his or her preferences. Accordingly, May does not show or suggest applying a host qualification test, assigning trading parameters based upon that test and determining whether the party qualifies to trade, as required by applicants' independent claim 1.

Similarly, Kou discloses third-party authentication (FIG. 1) as opposed to host qualification. Accordingly, Kou does not show or suggest applying a host qualification test, assigning trading parameters based upon that test and determining whether the party qualifies to trade, as required by applicants' independent claim 1.

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Thus, from the foregoing, it is clear that not all the claim limitations of claim 1 are shown or suggested by May and Kou, whether taken single or in combination.

Because May and Kou do not teach or suggest all limitations of claim 1, claim 1 is allowable over May and Kou. Because claims 38-40 depend, directly or indirectly, from allowable claim 1, they are also allowable over May and Kou. Applicants therefore request that the rejections of claims 1 and 38-40 be withdrawn.

III. New Claims 41 and 42

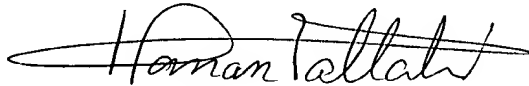
Claims 41 and 42 were added and are fully supported by the specification. Because claims 41 and 42 depend from allowable claim 1, they are also allowable.

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IV. Conclusion

The foregoing demonstrates that claims 1 and 38-42 are allowable. This application is therefore in condition for allowance. Reconsideration and allowance are accordingly respectfully requested.

Respectfully submitted,



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